

Item: 4.1

Policy and Resources Committee: 19 September 2023.

Revenue Expenditure Outturn.

Report by Head of Finance.

1. Purpose of Report

To advise of the revenue outturn position for financial year 2022/23 across each of the service areas for which the Committee is responsible.

2. Recommendations

The Committee is invited to note:

2.1.

The revenue expenditure outturn statement in respect of service areas for which the Policy and Resources Committee is responsible, for financial year 2022/23, attached as Annex 1 to this report, indicating an underspend position of £7,407,300.

2.2.

The revenue financial detail by service area statement, in respect of service areas for which the Policy and Resources Committee is responsible, for financial year 2022/23, attached as Annex 2 to this report.

The Committee is invited to scrutinise:

2.3.

The explanations given, and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to this report, in order to obtain assurance that appropriate action was taken with regard to significant budget variances.

3. Background

3.1.

On 10 March 2022, the Council set its overall revenue budget for financial year 2022/23. On 21 June 2022, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2022/23, which form the basis of the individual revenue expenditure monitoring reports.

3.2.

Individual revenue expenditure monitoring reports are circulated every month to inform elected members of the up-to-date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees.

3.3.

In terms of revenue spending, at an individual cost centre level, budget holders are required to provide an explanation of the causes of each material variance and to identify appropriate corrective actions to remedy the situation.

3.4.

Material variances are identified automatically as Priority Actions within individual budget cost centres according to the following criteria:

- Variance of £10,000 and more than 110% or less than 90% of anticipated position (1B).
- Not more than 110% or less than 90% of anticipated position but variance greater than £50,000 (1C).

3.5.

Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements. As with individual cost centre variances, each of these Priority Actions requires an explanation and corrective action to be identified and these are shown in the Budget Action Plan.

3.6.

The details have been provided following consultation with the relevant Corporate Directors and their staff.

4. Financial Summary

4.1.

The revenue expenditure outturn statement is attached as Annex 1 to this report.

4.2.

The detail by Service Area statement is attached as Annex 2 to this report.

4.3.

The Budget Action Plan, attached as Annex 3 to this report, provides an explanation and proposed corrective action for each of the Priority Actions identified.

5. Corporate Governance

This report relates to the Council complying with its financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

6. Financial Implications

The Financial Regulations state that service directors are able to incur expenditure within an approved revenue budget. Such expenditure must be in accordance with the Council's policies or objectives subject to compliance with these Financial Regulations and approved schemes of delegation.

7. Legal Aspects

Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.

8. Contact Officer

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9. Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area

Annex 3: Budget Action Plan.

Annex 1: Financial Summary

The table below provides a summary of the position across all Service Areas.

General Fund					
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Central Administration	(1,025.6)	268.1	(1,293.7)	N/A	268.1
Law, Order & Protective Services	120.9	125.9	(5.0)	96.0	125.9
Other Services	4,503.7	10,612.3	(6,108.6)	42.4	10,612.3
	3,599.0	11,006.3	(7,407.3)	32.7	11,006.3

The following tables show the spending position by service function

General Fund

	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Central Administration						
Chief Executive	1B	486.9	318.6	168.3	152.8	318.6
Corporate Services	1B	(109.2)	271.5	(380.7)	N/A	271.5
Finance	1B	153.3	409.2	(255.9)	37.5	409.2
Development & Infrastructure	1B	179.0	528.5	(349.5)	33.9	528.5
I.T. and Facilities	1B	51.6	389.2	(337.6)	13.3	389.2
Legal Services	1B	(5.7)	132.6	(138.3)	N/A	132.6
Cleaning Holding Account		426.8	426.8	0.0	100.0	426.8
Movement in Reserves	1B	(3,286.1)	(2,208.3)	(1,077.8)	148.8	(2,208.3)
Finance & Capital Charges	1B	1,077.8	0.0	1,077.8	0.0	0.0
Service Total		(1,025.6)	268.1	(1,293.7)	N/A	268.1

Changes in original budget position:

Original Net Budget	272.5
Cost of Living Task Force - VAO	(4.4)
	268.1

	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Law, Order & Protective Services						
Civil Contingencies		139.3	144.3	(5.0)	96.5	144.3
Movement in Reserves		(18.4)	(18.4)	0.0	100.0	(18.4)
Service Total		120.9	125.9	(5.0)	96.0	125.9

Other Services	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Corporate Management	1C	3,278.4	3,463.3	(184.9)	94.7	3,463.3
Corporate Priorities	1B	786.2	918.8	(132.6)	85.6	918.8
Area Support Team (CP)		17.2	16.5	0.7	104.2	16.5
Registration		59.5	59.3	0.2	100.3	59.3
Miscellaneous Property	1B	314.6	273.7	40.9	114.9	273.7
Payments to Joint Boards		496.3	483.0	13.3	102.8	483.0
Local Works and Services		0.8	0.0	0.8	0.0	0.0
Elections	1B	70.6	87.2	(16.6)	81.0	87.2
Licensing		23.4	21.3	2.1	109.9	21.3
Grants		281.5	282.4	(0.9)	99.7	282.4
Publicity		14.3	16.0	(1.7)	89.4	16.0
Twinning	1B	22.1	(0.4)	22.5	N/A	(0.4)
Community Councils	1B	392.7	450.9	(58.2)	87.1	450.9
Accounting for Pensions		(324.3)	(324.3)	0.0	100.0	(324.3)
Interest on Loans and Balances	1B	(881.0)	(372.0)	(509.0)	236.8	(372.0)
Miscellaneous - OS	1B	1,454.7	1,165.3	289.4	124.8	1,165.3
Movement in Reserves	1B	7,537.6	296.9	7,240.7	2,538.8	296.9
Cost of Collection		428.5	419.8	8.7	102.1	419.8
Finance Charges	1B	(9,469.4)	3,354.6	(12,824.0)	N/A	3,354.6
Service Total		4,503.7	10,612.3	(6,108.6)	42.4	10,612.3

Changes in original budget position:

Original Net Budget	11,005.6
Access to Sanitary Products 22/23	(27.4)
Access to Sanitary Products 22/23	27.4
VF4C Ph II Corp Mgt Restructure	(1,500.0)
VF4C Ph II Corp Mgt Restructure GF	918.3
National Trauma Training Programme reins	(50.0)
VF19C Create buget for E Melrose OPOP	50.0
VF7C Islands Deal from RRR Fund	99.4
VF25C Garden House Rent	(38.0)
VF25C Garden House Property Cost	30.0
VF36C VAO Funding from Discretionary Fund	85.0
VF39C VAO funding from Discretionary fund	7.6
Cost of Living Task Force - VAO	4.4
	10,612.3

Annex 3: Budget Action Plan

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R10A	Chief Executive	Rodwell, Alex	<p>Overspend due to Chief Executive handover period and backdating of pay from the pay and grading award.</p> <p>The Administration Building overspend was due to increased energy costs and associated cleaning costs for supplies and labor.</p>	There are additional costs in early 2023/24 for the last of the onboarding support for the new Chief Executive. This will be managed in 2023/24 through underspends in other areas of the service.
R10B	Corporate Services	Rodwell, Alex	Underspend due to various staff vacancies within Corporate and Community Strategy, HR and Performance, Business Support and Internal Audit.	Recruitment for vacancies is actively being progressed with many roles filled. No specific action required as an underspend in year is being encouraged in 2023/24
R10C	Finance	Knight, Erik	Multiple staff vacancies during the year, partly as a result of changes approved as part of the senior management restructuring and partly due a higher-than-normal level of turnover in staffing.	Most of the recruitment is now complete. We would hope to be at full complement in Q2 2023/24
R10D	Development and Infrastructure	Macpherson, Kenny	Underspend is due to vacancies in the team. While recruitments have been run, it has been difficult to attract appointable candidates.	Recruitments will be ongoing through this year and there will be a risk of underspend until the situation resolved.

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R10F	IT & Facilities	Macpherson, Kenny	The underspend is predominantly accounted for by staff vacancies across the service. And also reduced costs for IS Networking Supplies and Services.	Monitor the situation.
R10I	Legal Services	Mitchell, Gavin	Professional support fees for the Electronic Document and Records Management Project had been incorrectly charged to Legal Services.	These costs have been reallocated to the Committee Services cost centre, which is the appropriate cost centre for these costs.
R10U	Movement in Reserves	Knight, Erik	Variance has occurred through the processing of year end transactions, which are not budgeted, for example capital transactions like depreciation, revaluation, impairment, profit and loss on disposal. These transactions are applied to their relevant non-useable reserve through the Movement in Reserves budget area.	No action required
R10Y	Finance & Capital Charges	Knight, Erik	Variance has occurred through the processing of year end transactions, which are not budgeted, for example capital transactions like depreciation, revaluation, impairment, profit and loss on disposal which are then stripped out through the Movement in Reserves.	No action required

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R10G	Corporate Management	Rodwell, Alex	Actual Apportioned Costs should match budget, but the budget has not been amended accordingly.	Ensure apportionment is processed correctly against budgets in future.
R10J	Corporate Priorities	Rodwell, Alex	Underspend due to various vacancies within Improvement and Performance, Community Planning, Learning and Development, and Pensions. Underspend within Trade Union Facility Time is due to the charge not being received for end of financial year.	Recruitment for vacancies is actively being progressed with many roles filled.
R39C	Miscellaneous Property	Macpherson, Kenny	Although Garden House was moved from the Reserve Fund to the General Fund, there was no corresponding adjustment to the Miscellaneous Property budget. Therefore, overspend on this will be inevitable until Garden House has occupancy and costs are covered by the occupier.	The only action that will address this will be the occupancy of Garden House. Work is progressing on this.
R39F	Elections	Rodwell, Alex	Underspend from Local Government Elections and Community Council Elections as we did not have Elections in all the Community Council areas.	No action required.
R39L	Twinning	Rodwell, Alex	Spending for "International Engagement" was higher than budgeted.	Monitor the situation.

<u>Service Function</u>	<u>Service Description</u>	<u>Responsible Officer</u>	<u>Variance Reason</u>	<u>Action Notes</u>
R39M	Community Councils	Rodwell, Alex	Community Council (CC) Grant Scheme capping limits have not been fully utilised by all CCs during this financial year. Several CCs are without a Clerk.	The usage of the capping limits vary from year to year depending on the number of groups undertaking projects locally. Recruitment of Clerks to vacancies.
R39S	Interest on Loans & Balances	Knight, Erik	More revenue interest received than anticipated.	No action required.
R39T	Miscellaneous – Other Services	Knight, Erik	This is the General Fund's contribution to the Repairs and Maintenance deficit.	No action required.
R39U	Movement in Reserves	Knight, Erik	Variance has occurred through the processing of year end transactions, which are not budgeted, for example capital transactions like depreciation, revaluation, impairment, profit and loss on disposal. These transactions are applied to their relevant non-useable reserve through the Movement in Reserves budget area.	No action required
R39Y	Finance Charges	Knight, Erik	Variance has occurred through the processing of year end transactions, which are not budgeted, for example capital transactions like depreciation, revaluation, impairment, profit and loss on disposal which are then stripped out through the Movement in Reserves.	No action required